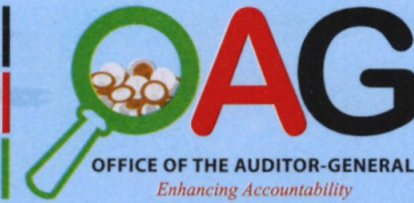


REPUBLIC OF KENYA

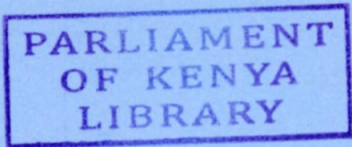


REPORT

OF

THE AUDITOR-GENERAL

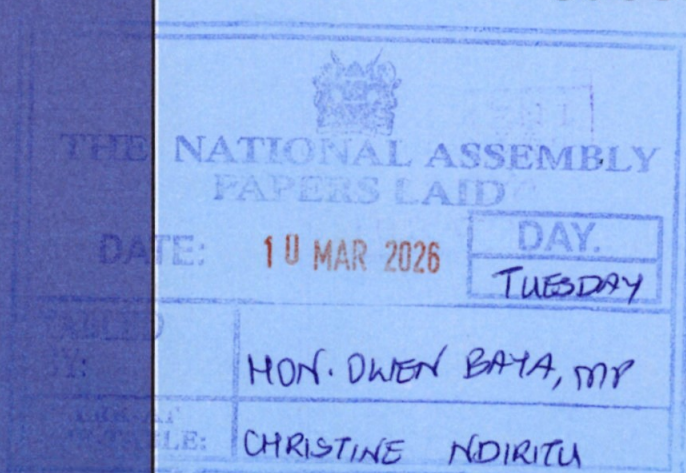
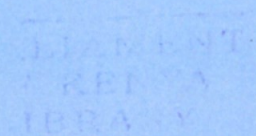
ON



LAKE BASIN DEVELOPMENT AUTHORITY

FOR THE YEAR ENDED

30 JUNE, 2025





REPUBLIC OF KENYA



LAKE BASIN DEVELOPMENT AUTHORITY



LAKE BASIN DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS)

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1. ACRONYMS AND DEFINATIONS OF KEY TERMS

A: Acronyms

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNBS	Kenya National Bureau of Statistics
LBDA	Lake Basin Development Authority
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization

Comparative Year- Means the prior period.

2. KEY LAKE BASIN DEVELOPMENT AUTHORITY INFORMATION AND MANAGEMENT

(a) Background information

The Lake Basin Development Authority was established by an Act of Parliament (Cap 442) on the 31st of August 1979. The Lake Basin Development Authority is domiciled in Kenya and has branches in Nzoia Basin, Yala Lakeshore Sondu basin and Kuja Migori Kibuon Basin.

The organization's area of jurisdiction covers a land area of approximately 39,000 Km² with an estimated population of 16.2 million people (KNBS, 2019). This region is endowed with an immense resource base, which include Land, water and human resources, which could anchor and stimulate economic Growth in the basin area and the entire country.

(b) Principal Activities

The vision, mission and core values of Lake Basin Development Authority are as follows:

VISION

To be a leader in integrated socio-economic development in Kenya.

MISSION

To foster integrated socio-economic programmes and projects through sustainable utilization and management of natural resources with appropriate technologies for improved livelihoods of communities within the Lake Victoria basin.

CORE VALUES

The core values can be abbreviated as PICRITE and is broken down as follows:

- Passion and Professionalism
- Integrity
- Customer focus
- Respect
- Innovation
- Teamwork
- Efficiency

(c) Key Management

The Lake Basin Development Authority day-to-day management is under the following key organs:

- Board of Directors
- Managing Director
- Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Managing Director	CPA Wycliffe Ochiaga
2.	Head of Corporate Services.	CPA Christine Otieno
3.	Head of Supply Chain Management	Mr. Raymond Ndolo
4.	Head Planning, Research & Strategy	Mr. Maurice Obaso
5.	Head Agriculture & Natural Resources	Mr. Philip Oloo
6.	Head of Commercial Services	Ms. Beatrice Okoko
7.	Head of Engineering Services & infrastructure development	Eng. Jacob Akuno
8.	Head of Finance	CPA Victor Bwire
9.	Head Human Resource	Mr. Henry Makori
10.	Head Administration	Mr. Edwin Olang
11.	Head Internal Audit	CPA Winnie Ouma
12.	Head of Legal services	Mr. Michael Okuk

(e) Fiduciary Oversight Arrangements

The Authority has **four** committees with specific oversight responsibilities. These are:

- **Human Resource Committee**
- **Finance & Budget Committee**
- **Planning Strategy & Development Committee**
- **Audit Committee.**

(f) Lake Basin Development Authority Headquarters

P.O. Box 1516-40100
Kanyakwar
Kisumu - Kakamega Road
Kisumu, KENYA

(g) Lake Basin Development Authority Contacts

Telephone : (254) 020-2023414
Mobile : 0715-682555/0735-711933
E-mail : info@lbda.go.ke
Website : www.lbda.go.ke

(h) Lake Basin Development Authority Bankers

1. National Bank of Kenya Limited
Kisumu Branch
P.O. Box 1152-40100
Kisumu, Kenya
2. Kenya Commercial Bank
Kisumu Branch
P.O Box 17 -40100
Kisumu, Kenya

3 Cooperative Bank of Kenya
Kisumu Branch
P.O Box 1511 -40100
Kisumu, Kenya

(i) Independent Auditors

Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. THE BOARD OF DIRECTORS

LBDA BOARD MEMBERS

1



MR. JAMES DIANG'A
(Chairman of the Board)
Independent Director

D.O.B: 24th September 1955

Professional Qualifications

- Master's Degree in Philosophy Incorporating: International Relations (major), Political Science, Economic History, Conflict Resolution and Cultural Geography.
- Bachelor of Science, Economic History, Conflict Resolution and Cultural Geography.

Work Experience

- 2004-To date- Coordinator/Director Kisumu Youth Olympic Centre
- April 2022-August 2023- County Coordinator UDA Party Siaya
- Crime prevention – City of Gothenburg, Sweden
- Social Worker - Asele kommun, Sweden
- Office Assistant – Social Democratic Party of Sweden
- Summer job - Asele kommun, Sweden
- Medical Attendant - Asele kommun, Sweden
- Legal Office Assistant – High Court of Kenya
- 1977- 1981- Fighter Control Operator - Kenya Air Force (KAF)

2



CPA WYCLIFFE OCHIAGA

(Secretary to the Board)

D.O.B: 1986

Qualifications

- Masters Business Administration
- Bachelor of Business Administration (IT)
- CPA(K)
- Member ICPAK

Work Experience

- Dec 2022-To-date: Managing Director - LBDA
- Jan 2022-Dec 2022: Director Internal Audit - LBDA
- June 2021-Dec 2022: Principal Internal Audit - LBDA
- Jan 2018-May 2021: Director Audit, Risk and Assurance-Clyde & Associates EA LLP
- Jan 2017-Dec 2017: Head of Grants Accounting-LVCT Health
- Jan 2016-Dec 2016: Senior Grants & Compliance Officer-Elizabeth Glaser Pediatric AIDS Foundation (EGPAF), TIMIZA 90 Program
- Dec 2010-Dec 2015: Senior Grants Accountant-Columbia University-International Center for AIDS Care and Treatment Program (ICAP)
- Dec 2008-Dec 2010: Accountant-Trevor and Rees Consulting

3



WILLIS OMONDI OROWE

(Chairperson Audit Committee)

Independent Director

D.O.B: 14th May 1983

Professional Qualification

- Bachelor of Business Management (Purchasing and Supplies Management Option)
- Diploma in Customs Clearing and Forwarding

Work Experience

- 2017 to date -Managing Director Bluerange Connect Limited
- 2010 to 2017 – Managing Director Bluerange Logistics Limited

LBDA BOARD MEMBERS

- 2006 to 2010-Managing Director Neptune Forwarders Limited
- 2003 to 2004 - Import Manager Treasure Cargo Services
- 2002 to 2003 - Declaration Officer Air maritime Kenya Limited

4



LAVENDER OJALLA

(Chairperson Planning, Strategy and Development Committee)

Independent Director

D.O.B: 27th November 1984

Professional Qualification

- 2022- PhD Candidate, University of Nairobi
- 2016- 2018 MA International Relations, USIU
- 2012- 2015 BA Political Science, University of Nairobi
- 2009- 2010 Diploma in Project Management, KeMU

Work Experience

- June 2014- Dec 2021- Benard Frank - Audit, Tax and Management firm
- Senior Manager - Public Sector and International Policy Advisor
- Feb 2014 - Nov 2015 Trocaire International Kenya Administrative Manager
- 2016 - December 2020 - Great Levels CEO (K) Ltd - Nairobi, Kenya CEO

5



REBECCA GHATI MAROA

(Chairperson Finance and Budget Committee)

Independent Director

D.O.B: 1974

Professional Qualification

- 2016 - Date University of Nairobi PhD in Progress
- 2010- 2012- University of Nairobi Masters of Art (Linguistics)
- 2004- 2008- University of Nairobi Bachelor's degree (English Literature)
- 1996 – 1998 - St. Marks T.T.C (Kigari) P.T.E Certificate (P1)

Work Experience

- 2022 to Date Governor Candidate Migori County
- 2017 -2022 County Executive Committee Member (CECM) for Water, Energy, Environment, Natural Resources, Climate Change and Disaster Management
- 2015 - Oct 2017 County Director of Gender and Equality Migori County Government
- 2014 - 2015 Kisii University; Lecturer School of Education
- 2012 - 2013 Tarag'anya Girls Secondary School
- 2007- 2008 Tarang'anya Boys Secondary School
- 2002 - 2007 Tarang'anya primary School

6



HELLEN MAKONE

(Chairperson Human Resource Committee)

Independent Director

D.O.B: 2nd May 1959

Professional Qualification

- 1979– 1981: University of Nairobi (Bachelor of Arts (Economics and Sociology)
- 2001– Henley Management College, United Kingdom (UK) (Diploma in Management)
- 2005 – Higher Diploma in Human Resource Management (IPM)
- 2012 – MBA - Finalist. (Henley Management College, UK)

Work Experience

- 2015–2018: Director, Lake Victoria South Water Services Board
- 2013– 2015: Member of UN Women Civil Society Advisory Group
- 2012–2013: Executive Director Maendeleo Ya Wanawake Organization

LBDA BOARD MEMBERS

- 2006- 2013: Treasurer Maendeleo ya Wanawake Nyanza Province.
- 2009- 2010: Consultant for UNDP Special Unit SSC, New York
- 2001- 2005: Constitution of Kenya Review Commission (CKRC)
- 1994–1996: Project Manager (Kenya Centralization Project), the Standard Chartered Bank, Kenya, Ltd., Moi Avenue, Nairobi.
- 1991– 1992: Branch Manager - Nakuru, Standard Chartered Bank
- 1989-1991: Branch Manager - Old Mutual, Standard Chartered Bank
- 1986–1989: Operations Manager –Haile Selassie Avenue, Standard Chartered Bank
- 1985–1986: Trade Finance Department–Kenyatta Avenue, Standard Chartered Bank
- 1984–1985: Sub Accountant–Kimathi Street, Standard Chartered Bank
- 1984: Sub Accountant - Westlands, Standard Chartered Bank
- 1983 – 1984: Graduate Trainee - Kericho, Standard Chartered Bank

7



TERESA BITUTU OROO

Independent Director

D.O.B: 1st January 1959

Professional Qualification

- Teacher's Certificate in Early Childhood Education Certificate in Early Childhood Education

Work Experience

- March 2019 – March 2022: Member of The Board of Management Itierio Girls Secondary
- Jan 2002 – Jan 2003: Constituency Constitutional Committee Member Constitution of Kenya Review Commission
- Jan 2002 – Jan 2003: Federation of Kenya Women Lawyers Civic Educational Provider
- March 2004 – Dec 2006: Office of The President Member of Panel of Elders for Land Dispute Tribunal Suneka Division
- 2009 – to date : Manager Angelic Teachers College

8



ENG.ROBERT KIPCHIRCHIR LIMO

Independent Director

D.O.B: 2nd January 1984

Professional Qualification

- 2013- 2017 – Bachelor of Science in Mechanical Engineering
- January – July 2008 Kenya Armed Forces Technical College

- October 2007 – Computer Aided Design
- January 2003 – November 2005 – Diploma in Mechanical Engineering (Plant option)

Work Experience

- August- October 2004 – Kaimosi Tea Estate
- October – December 2004 – Panafric Hotel
- December 2005 – February 2006 – Stanley Hotel
- February 2006 – February 2007 – Shieffield Steel System Assistant
- February 2007 – January 2010 – Department of Defense (Army Aviation)
- January 2010 – January 2011 – Chief Engineer Baobab Beach Resort
- February 2011 – July 2013 – Emerald Hotels
- January 2014 – May 2021 – Team Director Green County Construction Ltd

LBDA BOARD MEMBERS

9



JULIUS CHACHA GABRIEL

Independent Director

D.O.B: 4th April 1976

Professional Qualification

- 2016 – 2017 - Post graduate Diploma in legal practice
- 2014 – 2015 - Pre- Kenya School of law, Compliance Certificate
- 2007 – 2011 - Bachelor of law LLB Degree

Work Experience

- 2010 – 2013 – Lawyer at Notary Republic and Commissioner
- 2014 – 2016 – Lawyer at Paceshi
- 2018 – 2021 – Lawyer at AGAPE- Shinyanga

10



LUKE OUKO OBONG'O

Independent Director

D.O.B: 8th August 1959

Professional Qualification

- 1979 – 1980 - Nyanza Commercial College Book Keeping Accounts

Work Experience

- Presidential County Chief Agent Kisumu County 2022 Election
- Farming and Business County Coordinator for UDA Party Kisumu County
- Elected Member of County Assembly as a Councillor
- Self-Employment- Farming and Business
- Sales Manager at the Kenya National Assurance Company Ltd
- Alico Insurance Company Ltd – Accountant
- Account clerks at Kenya Posts and Corporation Account Clerk at Kenya Railways

11



FRANCIS OKEDI OKAYE

Independent Director

D.O.B: 26th November 1972

Work Experience

- September 2009 – 2010 – Teacher at Katilu Boys High School
- November 2006 – September 2009 – Project Manager at Watoto Walwanga
- July 2005 – November 2006 – Project Coordinator at Watoto Walwanga
- August 1998 – July 2005 – Centre Head at Lwanga Boys town

12



EBEL OCHIENG'

Independent Director

D.O.B: 4th August 1988

Professional Qualification

- 2018 – 2021: Bachelor of Human Resource Management
- 2014 - 2016: Diploma in Human Resource Management
- 2011: Management Studies (MIAMS)

Work Experience

- November 2020 to Date: Human Resource Manager, One Horizon Africa
- October 2019 to August 2020: Human Resource Manager, APHRC & Amp; Beula Group
- June 2018 to August 2019: Assistant Human Resource Manager, Asanda Global Agencies

LBDA BOARD MEMBERS

13



ISAAC KOGO
Independent Director

D.O.B: 16th June 1974

Professional Qualification

- 2019-Date Moi University Doctor of Philosophy in Communication Studies (ongoing)
- 2001-2004 Moi University Master of Philosophy in Communication Studies
- 2000-2001 Moi University Post Graduate Diploma in Human Resource Management
- 1994-1998 Moi University Bachelors of Education Arts

Work Experience

- 2013-2022 County Government Executive Committee Member for Education and of Trans-Nzoia ICT
- 2015-2018 County Government Executive Committee Member for Health of Trans-Nzoia
- 2009-2012 Moi University Lecturer Moi University
- 2007-2009 TSC Lecturer Eldoret Polytechnic
- 2003-2007 TSC Teacher Kapcheplanget Secondary School

14



JACKSON SWADI KEDOGO

Independent Director

D.O.B: 28th December,1968

Professional Qualification

- 2019-2021 KCA University Bsc. Degree Public Management
- 2015-2016 KCA University Diploma County Governance
- 2012 KCA University Certificate in County Management
- 2012 KNEC Examination International General Certificate of Secondary Education (IGCSE)

Work Experience

- 2017-2022 Re-elected as Member of County Assembly (MCA) Kabwareng ward, Nandi Served as chairman Public Investment Committee in Nandi County Assembly
- 2013-2017 Elected as member of County Assembly (MCA) Kabwareng ward, Nandi county Served as chairman Public Investment Committee in Nandi County Assembly
- 2007-2012 Chairman Transport and Disaster Management Nairobi City Council
- 2007-2012 Elected as councillor Mathare, Nairobi County
- 1996-2016 Mechanical Engineering, Yusuf garage-Nairobi

15



SARA ALIONGO

Alternate Director

D.O.B: 9th January 1987

Professional Qualifications

- Human Rights Law (LLM)
- Post Graduate Diploma in Law
- Bachelor's Degree in Law (LLB)

Work Experience

- 2021-To date- Principal State Counsel – Ministry of Agriculture & Livestock Development
- 2016-2020: Senior State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office
- 2011-2015: State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office

ADJUNCT/VOLUNTARY WORK

- 2021-2022 - Advocates Training Program/Bar Exam Marker-Council of Legal Education
- 2014-2018 - Pro-Bono Lawyer-Legal Support Network, KELIN KENYA
- 2012-2022 - Pro-Bono Lawyer-Centre for Sports Law

LBDA BOARD MEMBERS

- 2016-2020: Senior State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office

16



MAURICE OPONDO ODUOR

Alternate Director

D.O.B: 18th September 1972

Professional Qualification

- Tottori University Certificate in Appropriate Management of Land and Water Resources for Effective Utilization in Arid and Semi-Arid Lands
- Diploma in Project Management
- KIMC, PGD – Mass Communication
- ACCA Diploma in Financial Management
- Higher Diploma in Human Resource Management

Work Experience

- July 2022 – Acting Director, Irrigation Water Management
- April 2018 – Deputy Director, Irrigation Water Management
- February 2017 – April 2018 – Senior Assistant Director, Land Reclamation
- July 2014 – July 2016 – Senior Water Research Officer
- 5th November 2014 – 2017 – Assistant Director, Land Reclamation
- November 2014 to July 2014 Principal land Reclamation Officer
- November 2011 to October 2012 – Programme Officer
- November 2007 to April 2008 – Chief Land reclamation officer, Ministry of water and irrigation
- January 2005 – October 2007 – Senior Agricultural Officer Ministry of Agriculture
- October 1997 – December 2004 – Lecturer, Animal Health and Industry
- July 1996 – October 1997 – Graduate Teacher 1

17



SAMUEL GITAU

Alternate Director

D.O.B: 1965

Professional Qualification

- 2001-2003-University of Makerere - MA in Economic Policy Management
- 1999-2000-University of Botswana - Post Graduate Diploma in Population and Sustainable Development
- 1987-1990 - University of Nairobi: BA Economics

Work Experience

- December 2016 to Date - The National Treasury
- October 2013 to December 2016 - Office of the Deputy President
- May 2005 to October 2013 - Ministry of Justice, National Cohesion and Constitutional Affairs
- July 1991 - May 2005 - Ministry of Planning and National Development

18



ROSE MWONGERA

Alternate Director

DOB: 1972

Professional Qualification

- Present - Doctor of Philosophy (PhD.) in Development Studies Jomo Kenyatta University of Agriculture & Technology (JKUAT)
- 2012 – 2014 - Master's Degree in Project Planning and Management University of Nairobi
- 2001 – 2004 - Bachelor of Arts in Education, (Home Economics and English) Kenyatta University

LBDA BOARD MEMBERS

- 1993 - 1995 - Diploma in Education, (Home Economics and Physical Education) Kagumo Teachers College

Work Experience

- 2022-To date - Deputy Director; Regional Development Department of Regional Development - State Department for ASALs and Regional Development.
- 2021-2022 - Deputy Director Youth for Youth Development; Policy, Research and Mainstreaming Directorate: Head of Policy and Strategy Division State Department for Youth.
- 2019-2020 - Deputy Director Deployed as the Assistant Technical Administrator at the Office of the Cabinet Secretary Ministry of Public Service and Gender
- 2017-2018 - Deputy Director of Youth Development: Policy, Strategy Research and Youth Mainstreaming, Division, State Department for Youth Ministry of Public Service, Youth and Gender Affairs, Head Office, Nairobi-Kenya.
- 2016-2017 - Senior Assistant Director of Youth Development: Youth Empowerment, Participation and Social Development Division, Directorate of Youth Ministry of Public Service, Youth and Gender Affairs, Head Office, Nairobi-Kenya.
- 2013-2015 - Principal Youth Development Officer, later Assistant Director- Ministry of Devolution and Planning (Youth Mainstreaming Division SECONDED to the Policy Planning and Healthcare Financing Directorate Ministry of Health- Headquarters) in Charge of Youth and Gender Mainstreaming.
- 2007-2013 - Department of Youth Development and Empowerment, -Kenya Ministry of Devolution and Planning, Head Office, Nairobi

19



PAUL MURAYA

Alternate Director

DOB: 12th August 1979

Professional Qualification

- Masters Economics World Economy, University of International Business and Economics, Beijing, China.
- Bachelor of Arts Social Sciences (Political Sciences and Sociology), Catholic University of Eastern Africa.

Work Experience

- December 2023 to date – Secretary Administration, State Department for ASALs and Regional Development.
- January to December 2023 - Secretary Administration, State Department for Gender and Affirmative Action.
- 2019-2022 – Director Administration, State House.
- 2018 – Under Secretary Administration, State House.
- 2017 – Ag. Deputy County Commissioner, Masinga Sub-County.
- 2007-2016 – Assistant County Commissioner – Cadet, Served in various administrative positions in Bungoma, Makueni, Embu, Meru, Machakos and Nairobi Countries.

4. MANAGEMENT TEAM

MANAGEMENT TEAM

1



CPA WYCLIFFE OCHIAGA

Managing Director

Qualifications

- Masters Business Administration
 - Bachelor of Business Administration (IT)
 - CPA(K)
 - Member of ICPAK
 - Senior Management Course – KSG
 - Transformative Leadership Course – KSG
-

2



CPA CHRISTINE OTIENO

Director, Corporate Services

ICPAK Membership No. 10470

Qualifications

- MBA-Strategic Management
 - PG Diploma in Banking
 - B. Com-Accounting & Auditing
 - CPA (K)
 - Member of ICPAK
 - Senior Management Course – KSG
-

3



MR. MAURICE OBASO

Director, Planning, Research & Strategy.

Qualifications

- Masters of Business Administration Strategic Management
 - Bachelor of Arts Marketing
-

4



MR. PHILIP O. OLOO

Director, Agriculture & Natural Resources

Qualifications

- Masters- Project Planning & Management
 - BSc. Horticulture & Agriculture
-

5



MS. BEATRICE OKOKO

Director, Commercial Services

Qualifications

- Masters- Project Planning & Management
 - Bachelor of Business Administration - Finance
 - Advanced Diploma in Business Administration
 - Member of PRSK
-

6



ENG. JACOB AKUNO

Director, Engineering Services & Infrastructure Development

Qualifications

- Masters of Engineering in integrated Water Resource Management
- Bachelor of Science in Agricultural Engineering
- Member of IEK, EBK

MANAGEMENT TEAM

7



MR. RAYMOND NDOLO
Director, Supply Chain Management.

Qualifications

- Bachelor of Commerce – Marketing Management
 - Post Graduate Diploma- Logistics Management
 - Diploma Investment Analysis & Portfolio Management
 - Member of KISM
-

8



MR. WILSON OMULO
Project Manager, KOSFIP

Qualifications

- Bachelor of Science in Zoology
-

9



CPA VICTOR BWIRE
Deputy Director, Finance

Qualifications

- Master's in Business Administration
 - Bachelor of Commerce Accounting
 - CPA(K), CPS (K)
 - Member of ICPAK, ICS
-

10



CPA WINNIE OUMA
Principal, Internal Audit

Qualifications

- Masters of Science in Finance
 - Bachelor of Business Administration - Finance
 - CPA(K)
 - Diploma in Business Management
 - Diploma in Purchasing and Supplies
 - Member of ICPAK, IIAK
-

11



MR. ANDREW OSORO
Deputy Director, Corporate Affairs

Qualifications

- Bachelor of Arts Mass Communication
 - Diploma, Mass Communication
 - Member of PRSK
-

12



MR. HENRY MAKORI
Deputy Director, Human Resource

Qualifications

- Bachelor of Arts Public Administration
 - Certified Human Resource Professional (CHRP-K)
 - Diploma in Human Resource Management
 - Member of IHRM
 - Strategic Human Resource Management & Development – KSG
-

13



MR. EDWIN OLANG
Deputy Director, Administration Services

Qualifications

- Bachelor of Arts. – Development Studies

MANAGEMENT TEAM

14



MR MICHAEL OKUK
Deputy Director, Legal Services

Qualifications

- Bachelors of Law Human Rights
- Diploma in Law

5. CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present this statement for the financial year ended 30th June 2025. This period has been marked by notable progress, strategic alignment, and enhanced partnerships as we continue to fulfil our mandate of spearheading sustainable development within the Lake Victoria Basin region.

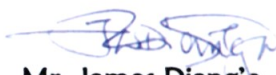
During the year under review, the Board provided strategic oversight and guidance in the implementation of key flagship programs, including the expansion of irrigation, promotion of clean energy initiatives, and enhancement of community-based development models. Notably, the completion of several water harvesting and supply projects significantly improved access to potable water in rural areas, while afforestation and conservation programs contributed to environmental restoration.

The Board maintained its dedication to good governance, accountability, and transparency. Regular performance reviews, audit processes, and policy enhancements were undertaken to strengthen institutional effectiveness and ensure alignment with national development priorities namely BETA and the Vision 2030.

We recognize the invaluable collaboration of our stakeholders – including national and county governments, development partners, private sector players, and local communities – whose support continues to be instrumental in our success. We also commend the Managing Director and the entire LBDA staff for their unwavering commitment and professionalism throughout the year.

Looking forward, the Board remains focused on driving inclusive development, embracing innovation, and building resilience within the Lake Basin region. We will continue to support strategic investments and advocate for increased resource mobilization to accelerate regional transformation.

The Board of the Lake basin development Authority is committed in fulfilling our strategic vision and thank all stakeholders for their continued trust and partnership.


Mr. James Diang'a
Chairman, LBDA

6. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Lake Basin Development Authority is a government agency established by act of parliament in 1979 to coordinate sustainable development activities on the Kenyan portion of the Lake Victoria Basin. The Act empowers the Authority to undertake overall integrated planning, coordination, implementation, monitoring and evaluation of projects and programs. These activities are aimed at promoting rural-urban balance strategies, employment creation, household food security and hence the creation of wealth and bringing about socio-economic transformation that empowers communities.

The year under review was marked by significant progress in executing our mandate. In the financial year, LBDA had an approved printed estimate of Kshs. 826,505,655 Million with Kshs. 548,505,655 Million and Kshs. 278,000,000 Million for Recurrent and Development Budgets respectively to enable the Authority implement its projects and programs.

Despite a dynamic and challenging operating environment which included fiscal adjustments, LBDA remained committed to its core mandate of planning, coordinating, and implementing integrated development programs and projects across our 18-county jurisdiction. Guided by our Strategic Plan (2023–2027), the Authority made notable strides in the areas of enhancing value chains, infrastructure development, agribusiness, water, environmental conservation and research and innovation.

During the year, the Authority successfully implemented several key programs that are aligned with national development priorities, including the Kenya Vision 2030, the Bottom-Up Economic Transformation Agenda (BETA), and the Sustainable Development Goals (SDGs);

Clean Energy and Water Access Projects: LBDA expanded solar-powered borehole installations in underserved rural communities, enhancing access to safe water and reducing reliance on fossil fuels.

Agricultural Productivity: The Authority enhanced the rice value chain by enhancing the efficiency of the Rice mill and supporting Rice paddy farmers by providing a ready Market.

Environmental Restoration: The Authority initiated wetland restoration projects along critical catchment areas through construction of dykes to control flood and land reclamation.

Youth Empowerment and Innovation: Our partnership programs with local institutions fostered skills development and entrepreneurship among youth and women in the region.

The Authority recorded prudent financial management practices which has enabled us improve revenue collection from enterprises such as the LBDA Mall, The Rice Mill among others. We also maintained strict adherence to budgetary controls and compliance standards in line with the PFM act. In conclusion, I extend my appreciation to the LBDA Board of Directors, management team, staff, development partners, and the communities we serve. Your support, commitment, and shared vision remain central to our success in transforming the Lake Basin region into a prosperous and sustainable economic hub.



CPA Wycliffe Ochiaga, EBS
Managing Director, LBDA

7. STATEMENT OF LAKE BASIN DEVELOPMENT AUTHORITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

Lake Basin Development Authority has four strategic issues within the current Strategic Plan for the FY 2024/2025. These strategic pillars/ themes/ issues are as follows:

Issue 1: Sustainable integrated socio-economic development

Issue 2: Environmental conservation and climate change mitigation/adaptation

Issue 3: Enhanced finances for organizational sustainability

Issue 4: Improve institutional and human capital capacity

LBDA develops its annual work plans based on the above four Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2024/25 period for its 4 strategic Issues, as indicated in the table below:

Strategic Issues	Objective	Activities	Key Performance Indicators	Achievements
1: Sustainable integrated socio-economic development	To formulate and implement sustainable integrated development projects and programmes with appropriate technology for improved livelihoods.	Develop and promote basin-wide development plans	Number of plans developed	Development of basin-wide integrated development plans: The Authority in partnership with GIZ developed the situational analysis report in preparation for the development of the 2 nd LBDA Integrated Regional Development Master Plan. Magwagwa Multipurpose Dam Project: The Authority has received Expression of Interest from two (2) potential partners namely: Kanale Engineering Group from Turkey and the Japar International Cooperation Agency.
2. Environmental conservation and climate change mitigation/adaptation	To promote sustainable environmental protection and natural resource management for climate change mitigation, resilience and adaptation.	Conserve and enhance carbon sinks and reservoirs of greenhouse gases such as rainforest	Area of land conserved in hectares	The Authority committed itself towards contributing to the presidential directive of planting 5 billion tree seedlings by 2032 . The Authority produced 508,158 tree seedlings and planted 572,858 tree seedlings across the region to protect river banks and water bodies as well as rehabilitate catchment areas for ecosystem health. The Authority also implemented 28 community water projects which involved harnessing ground water resources using solar-powered pumps in an effort to promote the integrated use of green energy.
3. Enhanced finances for organizational sustainability	To enhance organizational sustainability	Enhance resource mobilization, collaboration and partnership	No. of agreements signed	The Authority stepped up efforts to mobilize resources through the Medium-Term Expenditure Framework from the National Exchequer. The Authority also forged partnerships and collaborations with Safaricom Foundation, Aquarech Limited and The Kisumu National Polytechnic to mobilize more resources for the Integrated Technology Transfer Centres (ITTCs)

		Conduct business process re-engineering		<p>particularly Alupe ITTC and Kibos ITTC. The Authority also mobilized financial support for climate change mitigation and adaptation initiatives by holding stakeholder consultative meetings during the Africa Climate Summit Side Event – Lake Basin Region 2023. Additionally, the Authority organized the Africa Race for Climate Finance which featured cyclists racing from Kisumu to Nairobi to raise awareness and mobilize resource for climate change mitigation and adaptation initiatives in the Lake Basin Region.</p> <ul style="list-style-type: none"> • The Authority in consultation with the State Department of Public Service mapped all its processes and identified two processes for re-engineering. The re-engineering process involves the integration of ICT in order to comply with the directive of digitalizing all government services to improve efficiency in service delivery.
4.Improve institutional and human capital capacity	To strengthen institutional and human capital capacity	Improve technology and organizational knowledge Strengthen corporate governance	%level of automation No of trainings conducted	<p>The Authority upgraded its Enterprise Resource Planning System (ERP) to include project management modules, Monitoring and Evaluation, Financial Audit, Manufacturing Modules and Quality Management Modules in an effort to enhance efficiency in its operations and improve technological equipment and infrastructure.</p> <p>The Authority organized retreats for the senior management and the board of directors for team building and leadership training.</p>

8. CORPORATE GOVERNANCE STATEMENT

At Lake Basin Development Authority (LBDA), the practice of good corporate governance ensures the delivery of sustainable value as well as meeting the needs of our stakeholders. LBDA is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes. We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financial and performance as well as provide the leadership and effective governance for the Authority.

This report highlights the main corporate governance structures and practices that guide the Board.

Governance Principles and Guidelines

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations

Board Organization and Structure

Board Size, Composition and Appointment

The Composition of the Board shall be in accordance with the provisions of the LBDA Act, No. 442 of 2012 and the State Corporation Act, Chapter 446 Laws of the Republic of Kenya or any other legal framework as shall be determined by the relevant Authorities.

The Board should ensure that:

- a) Its members can act independently;
- b) Each Board member understands the broad outline of the organization's policies;
- c) Each Board member is in good standing professionally and has sufficient expertise to perform his or her role as a Board member, and
- d) At least one member is a financial expert, meaning that he or she has expertise in financial management and accounting

Appointment and Removal of Board Members

- i. The relevant appointing authority shall appoint Board members in line with the provisions of the LBDA Act. No 442 of 2012 Laws of Kenya, the State Corporation Act, Cap. 446 or any other relevant law.

Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- a) Serves the appointing authority with a written notice of resignation; or
- b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

Any removal of a Board member under (a) above, shall be through formal revocation.

The Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

Independence, Separation of Roles and Responsibilities

The primary responsibility of the Board is to provide leadership and strategic direction to the Authority to enhance value. The Board Directors are expected to exercise the highest degree of care, skill and diligence in discharging their duties.

The roles and responsibilities of the Board and the Chief Executive Officer remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no individual has unfettered power of decision making.

The Board provides oversight to the Authority's top management and has unrestricted access to timely and relevant information.

The Chairman provides overall leadership without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective Board and sets the Board agenda in consultation with the Secretary/ Chief Executive Officer and ensures effective communication to stakeholders.

The Chief Executive Officer is responsible to the Board and takes the overall responsibility for the day to day management of the Authority. The Chief Executive Officer recommends the strategy of the Board and implements it and makes operational decisions. In addition, as Secretary to the Board, the Chief Executive Officer ensures appropriate and timely information flows within the Board, its committees and management.

The Corporation Secretary is in attendance of all Board meetings to provide guidance to the Board on their duties and responsibilities; on matters of governance; and to provide efficient secretariat services including coordinating induction and training of new members, preparation for board meetings and maintaining a record of the same, disseminating action material for management, and filing of statutory returns

Principal Board Activities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the organization's Management, staff and its external professional advisors and auditors. In furtherance of its responsibilities, the Board will:

- i. Determine the organization's mission, vision, purpose and core values;
- ii. Review, evaluate and approve, on a regular basis, long-term plans for the organization;
- iii. Review, evaluate and approve the organization's budget and financial forecasts;
- iv. Review, evaluate and approve major resource allocations and capital investments;
- v. Ensure that the procurement process is cost-effective and delivers value for money;
- vi. Review and approve the operating and financial results of the organization;
- vii. Ensure effective, accurate, timely and transparent disclosure of pertinent information on the organization's operations and performance;
- viii. Ensure that effective processes and systems of risk management and internal controls are in place;
- ix. Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- x. Review, evaluate and approve the remuneration structure of the organization;
- xi. Adopt, implement and monitor compliance with the organization's Code of Conduct and Ethics;
- xii. Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- xiii. Review periodically the organization's strategic objectives and policies relating to sustainability, social responsibility and investment;
- xiv. Protect the rights of shareholders and optimize shareholder value;
- xv. Enhance the organization's public image and ensure engagement with stakeholders through effective communication;
- xvi. Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- xvii.** Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

Board Membership and Attendance of Meetings

The Board holds regular meeting at least once every quarter and supplementary meeting are held as and when necessary. In case of non-attendance due to other commitments, such information is communicated to the Chairman prior to the date of the scheduled meeting.

Table 1: Board attendance during the year

NO.	REMARKS	ATTENDANCE
1.	Full Board	
	Board of Directors Evaluation 3 rd – 4 th September 2024	17/17
	113 th Full Board Meeting – 25 th September 2024	17/17
	Board Performance Improvement Plan 26 th - 27 th September 2024	17/17
	Rice Mill & Kibos ITTC Familiarization 18 th - 19 th December 2024.	17/17
	114 th Full Board -20 th December 2024	17/17
	Special Full Board 24 th January 2025	15/17
	115 th Full Board – 21 st March 2025	15/17
	Board Familiarization Northern and Southern Zone 5 th -12 th May 2025	17/17
2.	Finance and Budget Committee	
	123 rd F&B Committee – 16 th August 2024	6/6
	124 th F&B Committee 11 th October 2024	5/6
	125 th F&B Committee- 17 th January 2025	6/6
	126 th F&B Committee- 17 th April 2025	6/6
3.	Planning, Strategy & Dev. Comm.	
	83 rd Planning, strategy & Dev. Committee – 12 th July 2024	11/12
	84 th Planning, strategy & Dev. Committee – 18 th October 2024	11/12
	85 th Planning, strategy & Dev. Committee – 10 th January 2024	12/12
	86 th Planning, strategy & Dev. Committee – 9 th May 2025	7/12
4.	Audit Management Committee	
	44 th Audit Committee- 23 rd August 2024	6/6
	45 th Audit Committee- 22 nd November 2024	5/6
	46 th Audit Committee-14 th February 2025	5/6
	47 th Audit Committee- 16 th May 2025	5/6
5.	Human Resource Committee	
	HR Committee Retreat 9 th -11 th	8/8
	15 th HR Committee – 13 th September 2024	8/8
	16 th HR Committee – 22 nd November 2024	7/8
	17 th HR Committee 7 th March 2025	7/8
	18 th HR Committee 13 th June 2025	6/8

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Each committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience.

The Chairman of the Board, the Management and external parties/advisors attend the committee meetings only by invitation. The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. The respective Chairman presents matters deliberated by the committees to the Board during the next board meeting. The Board has the following four (4) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

1. *Planning, Strategy and Development Committee.*

NO	NAME	DESIGNATION	DATE w.e.f
1.	Ms.Lavender Ojalla	Chairperson	21/3/2025 to date
2.	Mrs. Rebecca Ghati Maroa	Chairperson	1/7/2024 to 21/3/2025
3.	Mr.Willis Omondi Orowe	Member	1/7/2025 to date
4.	Mrs. Teresa Bitutu Oroo	Member	21/3/2025 to date
5.	Mr. Francis Okaye Okedi	Member	21/3/2025 to date
6.	Mr. Isaac Kiyeny Kogo	Member	1/7/2024 to date
7.	Mr. Jackson Swadi Kedogo	Member	1/7/2024 to date
8.	Mr. Luke Ouko Obong'o	Member	1/7/2024 to 21/3/2025
9.	Mr. Julius Gabriel Chacha	Member	1/7/2024 to 21/3/2025
10.	Mrs. Sara Aliong'o	Member	1/7/2024 to 21/3/2025
11.	Mr. Samuel Gitau	Alt. Treasury	1/7/2024 to date
12.	Mr. Maurice Opondo	Alt. Irrigation &Water	1/7/2024 to date
13.	Mrs. Rose Mwongera	Alt. RDA	1/7/2024- 21/3/2025

The principal objective of the Committee is to make strategic directions that will enable the Board to effectively discharge the mandate of the Corporation as provided under section 8 of the LBDA Act, No 442 of 2012 as follows:

1. Provide assurance to the Board that the Authority's strategic plan is implemented efficiently by commissioning appropriate policies and systems.
2. Advise the Board on strategic projects, programmes and public-private partnership priorities, ensuring that these are aligned to LBDA's strategic vision and objectives through properly vetted feasibility studies and due diligence.
3. Advise the Board on sound capital investment decisions and directions.
4. Advise the Board on prudent research and development initiatives in line with LBDA's strategic vision and objectives,
5. Ensure LBDA's monitoring and evaluation system is developed and engrained in sound policy and is fit for the purpose.
6. Commission analytical works as necessary on either the projects or programmes to enable the Committee to fulfil its oversight role without stalling management progress and/or operations.
7. Any other duties as may be determined from time to time by the Board

2. Finance & Budget Committee

NO	NAME	DESIGNATION	DATE CHANGED
1.	Ms. Rebecca Ghati Maroa	Chairperson	21/3/2025 to date
2.	Eng. Robert K Limo	Chairperson	1/7/2024 to 24/1/2025
3.	Mr. Jackson Swadi Kedogo	Member	1/7/2024 to date
4.	Mr. Francis Okaye Okedi	Member	1/7/2024 to date
5.	Mr. Paul Muraya	Member	21/3/2025 to date
6.	Mr. Luke Ouko Obongo	Member	21/3/2025 to date
7.	Mr. Maurice Opondo	Member	21/3/2025 to date
8.	Mr. Ebel Ochieng Calo	Member	1/7/2024 to 21/3/2025
9.	Ms. Lavender Ojalla	Member	1/7/2024 to 21/3/2025
10.	Mrs. Hellen Makone	Member	1/7/2024 to 21/3/2025

The Finance & Budget Committee objective is to develop financial policies, goals, and budgets that support the mission and strategic goals of the Authority, as well as monitoring Authority's internal control and risk management activities as follows;

1. Provide assurance to the Board that the Authority's financial; assets and legal are managed prudently by commissioning appropriate policies and systems.
2. Advise the Board on strategic financial/resource allocation priorities, ensuring that these are aligned to LBDA's strategic vision and objectives through a properly vetted budgetary proposal.
3. Provide assurance to the Board that the sound policies and systems have been put in place for the control and management of assets that includes but not limited to: movable and immovable property, tangible and intangible property, stores, equipment, land, buildings, animals, inventory, stock, intellectual rights vested in the Authority.
4. Advise the Board on prudent legal decisions and directions.
5. Ensure LBDA's financial appraisal procedures and practices are developed and engrained in sound policy and are fit for the purpose.
6. Any other duties as may be determined from time to time by the Board.

3. Human Resource Committee

NO	NAME	DESIGNATION	DATE
1.	Ms.Hellen Makone	Chairperson	21/3/2025 to Date
2.	Ms. Lavender Ojalla	Chairperson	1/7/2024 to 21/3/2025
3.	Mr. Luke Ouko Obongo	Member	1/7/2024 to Date
4.	Mr.Ebel Ochieng Calo	Member	1/7/2024 to Date
5.	Mr.Julius Gabriel Chacha	Member	21/3/2025 to Date
6.	Mrs.Teresa Bitutu Oroo	Member	1/7/2024 to Date
7.	Ms.Rebecca Maroa	Member	21/3/2025 to Date
8.	Opondo Maurice	Member	1/7/2024 to 21/3/2025
9.	Rose Mwongera	Member	1/7/2024 to 21/3/2025
10.	Eng. Robert K Limo	Member	1/7/2024 to 24/1/2025
11.	Mr.Paul Muraya	Alt. AsALs	21/3/2025 to Date
12.	Ms.Sarah Aliongo	Alt. Agriculture & Livestock	1/7/2024 to Date

The HR Committee is established to assist the Board in fulfilling its oversight responsibilities through the implementation of sound compensation and Human Resource policies and practices. The HR Committee's primary duties and responsibilities are to:

1. Provide leadership in the prudence of Human Resource management.

2. Advise the Board on strategic directions in matters relating to Human Resource, General Administration and Governance with a view to enabling the Corporation to effectively discharge its mandate.
3. Provide assurance to the Board that the Authority’s human resources are managed prudently by commissioning appropriate policies and systems.
4. Ensure LBDA’s human resource appraisal procedures and practices are developed and engrained in sound policy and are fit for the purpose.
5. Advise the Board on optimum human resource capital base on LBDA’s strategic vision and objectives,
6. Any other duties as may be determined from time to time by the Board

4. Audit Committee

NO	NAME	DESIGNATION	DATE w.e.f
1.	Mr. Willis Omondi Orowe	Chairperson	1/7/2024 to date
2.	Mr. Julius Gabriel Chacha	Member	1/7/2024 to date
3.	Ms. Hellen Makone	Member	21/3/2025 to date
4.	Mr. Isaac Kiyeny Kogo	Member	1/7/2024 to date
5.	Ms. Lavender Ojalla	Member	21/3/2025 to date
6.	Mrs Teresa Bitutu Oroo	Member	1/7/2024 to 21/3/2025
7.	Mrs. Rebecca Ghati Maroa	Member	1/7/2024 to 21/3/2025
8.	Mr. Samuel Gitau	Alt. Treasury	21/3/2025 to date

The objective of the Committee shall be to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. Its duties shall include:

1. Serve as an independent, competent and objective party to monitor the integrity of the Authority’s financial reporting process and internal control systems relating to finance, accounting, and operational and legal compliance.
2. Compensate, retain and oversee the work performed by the authority’s external Auditors.
3. Assist the Board of Directors in fulfilling its responsibilities by reviewing the financial reports provided by the Authority to the Parliament Investment Committee (PIC) and other stakeholders.
4. Recommend, establish and monitor procedures designed to improve the quality and reliability of the authority’s financial condition and results of operations.
5. Provide an avenue of communication among the external auditors, senior Management, and the Board of Directors.
6. Any other duties as may be determined from time to time by the Board

Capacity Building for the Board

Regular training and development programmes are developed to equip the Board with necessary skills for effective discharge of their mandate. Each year the Board prepares a training calendar where specific training needs are identified and scheduled. During the year, the Directors attended various capacity building programmes focusing on leadership, governance, finance and other relevant areas.

Upon appointment of a new Director, the Management guides them through a formal induction programme explaining the anatomy of the Authority, its operations and they get the opportunity to meet the key officers. They are also taken through corporate governance training so as to understand their roles and responsibilities as Directors

Board Effectiveness and Evaluation

In order to assess and improve the capacity, functionality and effectiveness of the Board and its Committees, an annual evaluation is undertaken in accordance with the widely accepted principles of corporate governance. The self-evaluation reviews the capacity, functionality and effectiveness of its performance in the achievement of its goals and objectives. It assesses the performance and independence of the Board and its Committees jointly and individual members of the Board, including the Chief Executive Officer.

The Chief Executive Officer is assessed in her roles as the Chief Executive Officer and Secretary to the Board. The Chairman's ability to add value, his performance against what is expected of his role and function, is also assessed. The results of the evaluation form the basis on which action/work plans for the preceding year are formulated, assists to identify the training needs and it also forms the basis of re-appointment of directors.

Directors' Remuneration

During every Board meeting, present Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations as outlined in Government circular OP/CAB.9/21/2A/41/43 of 23/11/2004.

The Chairman receives a monthly honorarium. During the year, there were no Directors' loans. Details of Directors emoluments during the year are shown in notes to the financial statements.

Ethical Standards

The Directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

All Directors and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Authority.

The Board applies a ***Conflict of Interest policy***. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and, excuse himself or herself from the Board for discussion relating to the matter in question. At the beginning of the financial year, all directors signed a Declaration of Interest Form declaring that they will disclose any interest that conflicts or possibly may conflict with the interests of the Board. At the commencement of any business to be transacted, all directors are required to declare their interest, if any.

9. MANAGEMENT DISCUSSION AND ANALYSIS

In the financial year 2024/25 the Authority received Kshs. 646.5 Million from the National Treasury which included; Kshs. 278 Million for development expenditure and Kshs. 468.5 Million for recurrent. To supplement its activities LBDA was expected to raise Kshs. 80 Million through A in A.

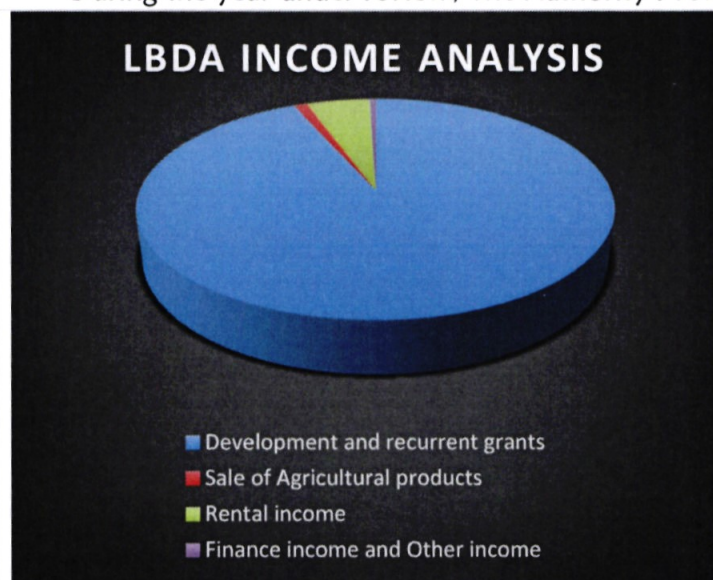
The Authority implemented four development projects during this Financial year and they included:

- a) Drilling of Boreholes (Kshs. 10 Million)
- b) The BETA priorities and flood control (Kshs. 198 Million)
- c) Construction of Dykes (Kshs. 70 Million)

The Recurrent expenditure of Kshs. 468.5 Million mainly catered for Personnel Emoluments (PE) of staff in the organization and other hatcheries development.

Revenue Analysis

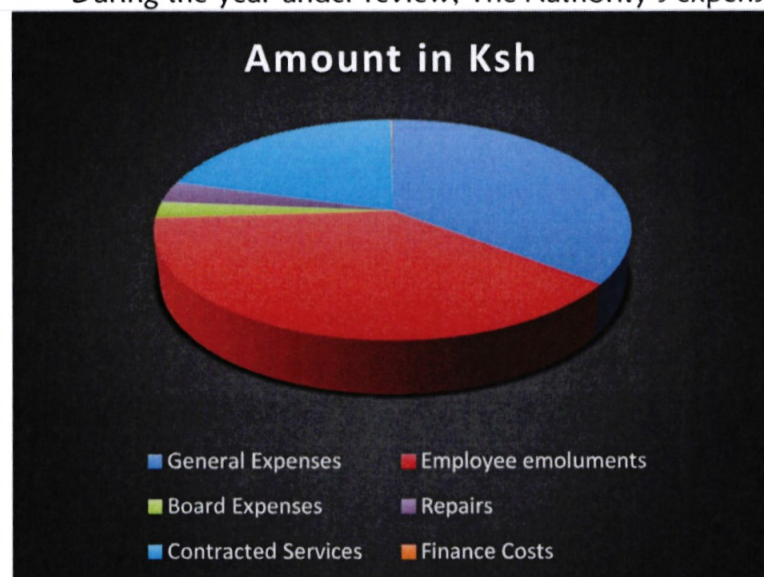
During the year under review, The Authority's revenue can be summarized as below



Particulars	Amount in Ksh
Development and recurrent grants	746,505,655
Sale of Agricultural products	110,103,720
Rental income	78,903,652
Finance income	7,482,675
Other income	1,269,537
Total	944,265,240

Expense Analysis

During the year under review, The Authority's expenses can be summarized as below.



Particulars	Amount in Ksh
General Expenses	592,724
Employee emoluments	405,572
Board Expenses	28,028
Repairs	30,801
Contracted Services	367,742
Finance Costs	1,166
Total	1,426,035

Strategic and Operational Highlights

Rice Milling Expansion: The rice milling unit processed under 80 tonnes of paddy in FY 2023/2024. This significantly increased to over 500 tonnes in FY 2024/2025, indicating strong growth momentum.

Aquaculture Growth: LBDA aims to produce 1 million fingerlings per month by December 2026, leveraging completed aquaculture projects to scale revenue and enhance regional fish farming.

Improved Customer Satisfaction: Satisfaction levels rose from 64% in 2023 to 77% in 2024, reflecting notable improvements in service delivery.

Risk and Performance Challenges

Execution Risk: The scale-up of aquaculture, paddy mopping, boreholes, and dams faces implementation risks due to delayed funding, which may hinder achievement of key targets.

Debt Sustainability: Financial strain from interest and penalties tied to the Mall project continues to weigh heavily on fiscal performance.

Environmental Dependencies: The viability of paddy mopping and aquaculture projects depends on effective climate adaptation strategies and sustainable resource management.

Forward-Looking Priorities (FY 2025/26 and Beyond)

Scale Rice Production: Fully operationalize the rice mill to process over 1,000 tonnes of paddy annually starting 2026.

Expand Aquaculture Capacity: Achieve the targeted output of 1 million fingerlings per month by December 2026.

Strengthen Infrastructure: Increase irrigated acreage, enhance access to clean water, and install 10 new boreholes across communities.

Mobilize Resources: Secure funding through government support, public-private partnerships (PPPs), and internally generated revenue.

De-risk Mall Financing: Restructure Mall-associated debt and drive up tenant occupancy to improve financial viability.

Enhance Performance Monitoring: Implement performance scorecards and regular stakeholder updates to boost transparency and accountability.

Summary

LBDA is intensifying execution of its core mandate—technology-driven transformation in rice milling, irrigation, aquaculture, and water service delivery—anchored in a bold financial strategy. While customer service performance has improved markedly, key challenges remain: persistent debt burdens, revenue shortfalls, and scale-related execution risks threaten long-term sustainability.

To meet FY 2025/26 goals and ensure resilience, the Authority must maintain a sharp focus on project delivery, financial restructuring, stakeholder engagement, and strong governance.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The environmental interventions activities done in the FY 2024/2025 included production and planting of tree seedlings targeting individual farmers, schools, and reforestation of local community lands. These activities served to enhance resilience of communities affected by climate change within the Lake Basin region. It helped address climate change risks through restoration of the degraded basin area.

The matrix below summarizes the environmental conservation and climate change adaptation strategies that were undertaken in the Financial Year 2024-25.

S/No	Activity / Target	Performance Indicators	Achievements in FY 2024-25
1	Improve awareness of conservation	-No of meetings held with communities.	-The Authority held meeting with Kajulu Hills CFA to discuss possibilities of rehabilitating the hills from degradation using seedlings produced by LBDA.
2	Promotion of adaptation strategies to climate change	-No of water harvesting structures developed to Increase level of community resilience.	In order to improve the livelihood and increase resilience of the local community, the Authority developed community water projects distributed within western and Nyanza regions.
3	Promoting environmental protection and conservation through partnerships with stakeholders	No of tree seedlings produced / distributed and planted	3000 high yielding grafted mango, oranges seedlings were produced for distribution to the local community and other LBDA customers to increase resilience to climate change.
4	Promote sustainable utilization and management of natural resources.	-No of feasibility studies done -No of concept paper developed.	-2No concept papers were developed. (1) Production of 659 million fruit tree seedlings by 2032 – Phase 1 and Strengthening Resilience of Communities to Climate Change Effects in the Lake Basin Region of Kenya.
5	Measure to mitigate against all forms of negative effects of projects on the	-No of Environmental Impact Assessment (EIA) reports reviewed and	-The Authority reviewed Environmental Impact Assessment Study Report for The Proposed Kabonyo Fisheries &

S/No	Activity / Target	Performance Indicators	Achievements in FY 2024-25
	physical and social environment.	comments submitted to NEMA.	Aquaculture Services & Training Centre of Excellence (KFASTCE).
6	Monitoring and Evaluation	No of Supervision Visits	- Throughout the year, the Authority's Technical staff has been conducting routine field visits to monitor and supervise the operations and performance of the LBDA field stations.
7	Promotion of Blue Economy	No of meetings held	Meeting was held between CDA and LBDA to discuss areas of interest and opportunities in Blue Economy.
8	Sustainable Utilization and conservation of Natural Resources	Partnerships and collaborations	Meeting held between LBDA and representatives from Taita Taveta and Dresdin University (Germany) to discuss possibility of collaborative research where water hyacinth can be used in production of housing construction materials.
		No of partnerships	Tour by KVDA to familiarize themselves with RAS and integrated renewable technology domiciled at kibos
9	Promotion of Smart Agriculture	No of partnerships	Safi Organics held a meeting with LBDA to discuss potential partnership on value addition for organic fertilizers.
10	Promotion of Fruit tree Seedling for Sustainable Economy	No of conferences attended	The Authority showcased production of fruit tree seedlings at Nyanza International Investment Conference in Kisumu. This was to promote awareness among the stakeholders on the use of fruit trees in addressing climate change as well as to enhance food security in the country.

S/No	Activity / Target	Performance Indicators	Achievements in FY 2024-25
11	Fostering Sustainable Smart agriculture through Innovative technologies and ECO-conscious practices.		Attended LREB 1th summit at Alupe, where the theme was Food security in the face of Climate change: Building partnerships towards resilience among communities in the Lake basin Region.
12	Promotion of Agriculture and Environmental conservation.		LBDA collaborated with Safaricom foundation and Ustadi in Establishment of a project in Alupe to ignite youth Agri- Program in Lake Basin region. The ongoing project is expected to be a center of excellence, for Establishment of a youth- oriented demonstration farm for sustainable Agriculture and Economic Empowerment in Western Kenya.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING Cont'd

i) Market place practices-

a) Responsible competition practice.

Competition is healthy for businesses and as government organization it encourages innovation to achieve her mandate. Authority has responsible competition practice by following these key principles, by Knowing our customers and stake holders, competitors, the difference between the authority and other agencies or organizations, our product and messages, target market, partnerships and opportunities and innovation in external environment we operate in.

Authority ensures responsible competition practices by ensuring transparency in all areas of supply chain to promote anti-corruption practices and responsible political involvement through public participation in management of public resources and choice of projects and programmes. To enhance fair competition the authority does not price her products and services lower than what the market is offering to disadvantage competitors.

b) Responsible Supply chain and supplier relations

Authority has maintained responsible supply chain and supplier relations through advertising for annual prequalified suppliers, engage them on available job opportunities and support different suppliers to deliver contracted assignments and for those dealing in authority products and services quality and customer service is maintained at all times and payment for services rendered is done as per the contract.

c) Responsible marketing and advertisement

Responsible marketing and advertisement is adhered to by ensuring product or service advertisement messages does not infringe into competitors' products in order maintain ethical marketing practices.

d) Product stewardship

On Product stewardship, Authority has always pursued quality and differentiation in the market place by ensuring we continue to innovate our products and services to achieve the authority mandate, while ensuring customer satisfaction and delight is achieved to safeguard consumer rights and interests

ii) Corporate Social Responsibility / Community Engagements

Restoration of forest cover canopy by 15 billion trees as per the Presidential directive



LBDA recognizes its role and responsibilities towards communities and environments in which it operates. As part of its commitment to Corporate Social Responsibility (CSR), we implemented several initiatives and projects to contribute to the sustainable development of the Lake Basin region.

The Authority participated in a tree planting campaign to mitigate deforestation and promote environmental conservation. Thousands of seedlings were planted in

collaboration with local communities, schools, environmental and non-governmental organizations contributing to reforestation and afforestation efforts and raising awareness about climate change and the significance of preserving the region's natural resources.



During the commissioning of LBDA's Schools and Community Water Project, the Authority donated 1,000 assorted tree seedlings to the various institutions of learning.

This report highlights key CSR activities undertaken by LBDA during the reporting period:

No	Date	Organization/Activity	Donated items	Number of seedlings donated/planted	Amount
1.	01/10/2024	Donation and planting of assorted tree seedlings by CS Beatrice Askul at Alupe, Busia County.	Assorted tree seedlings	3,000	15,000/-
2.	22/11/2024	Commissioning and handing over Ng'ura Schools & CWP in Alego Usonga, Siaya County	Assorted tree seedlings	1,000	5,000/-
3.	04/11/2025	Commissioning and handing over of Ebuyonga & Mundeku Schools & CWP in Kwisero, Kakamega County	Assorted tree seedlings	2,000	10,000/-
4.	20/01/2025	Commissioning and handing over Tsimbalo & Shihalia Schools and CWP in Vihiga and Kakamega Counties respectively.	Assorted tree seedlings	2,000	10,000/-
5.	18/03/2025	Commissioning and handing over of Nyansiongo DOK Schools & CWP	Assorted tree seedlings	1,000	5,000/-
6.	15/03/2025	Commissioning and handing over of Kebaroti Schools & CWP	Assorted tree seedlings	1,000	5,000/-
7.	09/04/2025	Commissioning and handing over of Chuchuniat Schools and CWP	Assorted tree seedlings	1,000	5,000/-
8.	10/04/2025	2 nd Edition of Environmental Day	Assorted tree seedlings	7,000	35,000/-
TOTAL				18,000	90,000/-

ALUPE



EBUYONGA



NGÚRA



TSIMBALO



11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of Lake Basin Development Authority's affairs.

i) Principal activities

The principal activities of the Authority are established under Cap 442 Laws of Kenya are: -

- (a) Integrated basin-based development planning;
- (b) Integrated basin-based development projects and programmes;
- (c) Resource studies and information sharing for basin wide planning and development
- (d) Public investment and establishment of basin resource management standards and norms;
- (e) Utilization of international waters; and
- (f) Interventions of strategic national government interest

ii) Results

The results of the Authority for the year ended June 30, 2025, are set out on page 1

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii to xiii. During the year, no director retired and none was appointed.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Lake Basin Development Authority did not make any surplus during the year (FY 2024-2025) and hence no remittance to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the *Lake Basin Development Authority* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



CPA Wycliffe Ochiaga, EBS

Secretary to the Board

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare financial statements in respect of that Lake Basin Development Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2025. This responsibility includes:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- c) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- d) Safeguarding the assets of the Authority;
- e) Selecting and applying appropriate accounting policies; and
- f) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.


The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2025, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

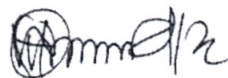
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board and signed on its behalf by:



Mr. James Diang'a
Chairman of the Board



CPA Wycliffe Ochiaga, EBS
Accounting Officer

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LAKE BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Basin Development Authority set out on pages 1 to 35, which comprise of the statement of financial position

as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lake Basin Development Authority as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lake Basin Development Authority Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Employee Costs

The statement of financial performance and as disclosed in Note 12 to the financial statements reflects an amount of Kshs.405,572,110 relating to employee costs. Included in the amount is Kshs.303,193,014 being salaries and allowances. However, scrutiny of the payroll provided for audit revealed an amount of Kshs.301,692,161 resulting to an unexplained and unreconciled variance of Kshs.1,500,853.

In the circumstances, the accuracy and completeness of employee costs of Kshs.405,572,110 could not be confirmed.

2. Long Outstanding Receivables from Exchange and Non-Exchange Transactions

The statement of financial position reflects receivables balances from non-exchange and exchange transactions of Kshs.5,815,533 and Kshs.108,899,441 as disclosed in Note 20a and Note 20b to the financial statements respectively. Review of the records provided for audit revealed that the following unsatisfactory matters:

- i. Staff debtors amounting to Kshs.1,531,567 issued on account of imprest but un-surrendered as at 30 June, 2025;
- ii. Overdue imprests and amounts arising from credit sales to former staff totaling Kshs.4,283,966 but the basis for their computation was not provided for audit review;
- iii. Debt from ex-board members of Kshs.30,112 arising from credit sale of rice which was not supported with any documentation;
- iv. Provision for bad debts amounting to Kshs.3,104,166 was unsupported.

Further, there was no evidence on efforts being made to recover the long outstanding receivables from the current and past staff and board members.

In the circumstances, the accuracy and recoverability of receivables balances from

non-exchange and exchange transactions balance of Kshs.5,815,533 and Kshs.108,899,441 respectively could not be confirmed.

3. Material Uncertainty Related to Going Concern

The statement of financial position reflects current assets and current liabilities balances of Kshs.173,031,491 and Kshs.440,481,692 respectively resulting to negative working capital of Kshs.267,450,201. However, this fact has not been disclosed by way of Notes to the financial statements contrary to the IPSAS accrual reporting framework. The negative working capital is indicative of the Authority's dependency on financial support of Government and its creditors for continued operations.

In the circumstances, the financial statements as prepared and presented are not in accordance with IPSAS accrual reporting framework.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Lake Basin Development Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

The Directors are responsible for the Other Information set out on page iv to xxxviii which comprise of Key Lake Basin Development Authority Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, the Statement of the Authority's Performance Against Predetermined Objectives for the FY 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, and the Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Authority's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Law on Ethnic Composition

Review of human resource records revealed that the Authority had two hundred and eighty-two (282) employees during the year under review, out of which one hundred and fifty-seven (157) or 56% were from the dominant community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

In the circumstances, Management was in breach of the law.

2. Failure to Reserve Employment Opportunities for PWD

Review of human resources records also revealed out of the two hundred and eighty-two (282) employees only five (5) are persons living with disabilities; representing 2% of the total population which is against the Human Resource Policy Manual which requires the board to secure a reservation of 5% for all appointments to persons with disabilities.

In the circumstances, Management was in breach of the law.

3. Non-Compliance with Loan Agreement Terms

The statement of financial position reflects borrowings from Government of Kshs.2,000,000,000 which represents loan from the Government of Kenya, pursuant to a loan agreement dated 29 June, 2017. This was a bailout to the Authority to facilitate settlement of outstanding debts in regard to Lake Basin Mall Complex Project in Kisumu.

According to the loan agreement, the loan was payable semi-annually on 30 September and 31 March and with the first loan instalment of Kshs.58,823,529 being due on 30 September, 2021. The Authority was to also repay interest on the outstanding principal amount at the rate of 5% per annum on reducing balance. Further, according to the loan agreement, interest shall accrue from the respective dates of disbursement of the loan proceeds and shall be computed on the basis of a 360-days year of twelve 30-days months and interest accruing over the first year of the grace period will be capitalized on the first principal repayment date and thereafter

payable semi-annually on the 31 day of March and 30 day of September each year. However, as at 30 June, 2025, the Authority had not paid the eight due loan instalments totaling Kshs.470,588,232 and cumulative interest of Kshs.781,250,000 for which Kshs.100,000,000 related to current period under review.

In the circumstances, Management was in breach of the terms of the loan agreement.

4. Non-Compliance with Fiscal Responsibility Principal on Wage Bill

The statement of financial performance and as disclosed in Note 12 to the financial statements is an amount of Kshs.405,572,110 relating to employee costs. This expenditure is equivalent to 43% of the total revenue for the year under review. The exceedingly high rate is contrary to Regulation 26(1) of Public Financial Management (National Governments) Regulations, 2015 which sets the threshold for the expenditure on employee costs at 35%.

In the circumstances, the Authority's Management was in breach of the law.

5. Non-Compliance with Public Procurement Capacity Building Levy Order, 2023

The Authority did not remit 0.03% capacity building levy amounting to Kshs.3,955,488.64 to Public Procurement Regulatory Authority for all contracts entered during the year under review amounting to Kshs.131,849,621. This was contrary to Procurement Capacity Building Levy Order, 2023 Section 5 (1) (a) which requires the procuring entity to deduct the Levy from the contract value at the time of making payments for such contracts; and not later than the 20th day of the following month, remit the funds to the Public Procurement Regulatory Authority or its authorised agent.

In the circumstances, the Authority's Management was in breach of the law.

6. Dormant Bank Account

The statement of financial position and as disclosed in Note 19 to the financial statements reflects cash and cash equivalents balance of Kshs.35,655,003. The balance includes an amount of Kshs.59,011 held at Cooperative Bank of Kenya, that has been dormant for prolonged period. Management has not rendered explanation for failure to close the dormant bank account while it continues to incur avoidable bank charges.

In the circumstances, the effectiveness of controls over the management of bank accounts could not be confirmed while value for money has not been realized from the bank charges being incurred.

7. Failure to Prepare Quarterly Reports on Implementation of the Procurement Plan

During the audit the Authority did not prepare and submit quarterly reports on the

implementation of the procurement plan to the Public Procurement Review Authority contrary to Regulation 40(6) of the Public Procurement and Assets Disposal Regulations, 2020.

In the circumstances, the Authority's Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Underutilization of Lettable Space at Lake Basin Development Mall

The statement of financial performance and as disclosed in Note 8 to the financial statements is an amount of Kshs.78,903,652 relating to rental revenue from facilities and equipment. Physical verification carried out in May, 2025 revealed that Lake Basin Development mall has a lettable space of 360,000 square feet, out of which 139,703 square feet is occupied with active tenants and 17,138 square feet with inactive tenants respectively, which represents 5% of the total space. However, a significant portion, 203,159 square feet or 56% of the total space remained unoccupied. This high vacancy is a matter of concern given that the mall is not realizing its full revenue potential which may lead to cashflow issues and affect the entity's operational capacity.

2. Poor Controls Over Project Implementation and Management

During the financial year under review, the Authority implemented several development projects. However, the following inadequacies were noted in the projects:

2.1. Lichota Integrated Technology Transfer Center

A large portion of the land remained unfenced; which presents significant security concern and increases the risk of encroachment by the nearby communities potentially leading to land disputes. Additionally, the Solar irrigation project which was completed in previous year is in use but underutilized at less than 50% capacity.

2.2. Alupe and Sang'alo Integrated Technology Transfer Centers

There was low production and non- achievement of targets especially in milk production at the centers. Additionally, the Centers had no title deeds and there was a water shortage at Sang'alo Integrated Technology Transfer Centre. This affected production leading to low revenue collection.

2.3. Muhoroni Farm

The farm does not maintain proper records for each animal in terms of productivity, breeding history, health and other factors that might help the management make decisions regarding the animals. It was also noted that there is very low productivity at the farm.

This indicative of weak controls over project implementation and management.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 December, 2025


14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

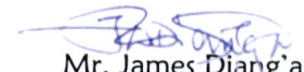
	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	746,505,655	1,266,810,000
		746,505,655	1,266,810,000
Revenue from exchange transactions			
Sale of Agricultural Produce	7	110,103,720	8,732,743
Rental revenue from facilities and equipment	8	78,903,652	80,951,233
Finance income - external investments	9	7,482,675	4,085,984
Other income	10	1,269,537	1,662,518
		197,759,585	95,432,477
Total revenue		944,265,240	1,362,242,477
Expenses			
General Expenses	11	592,724,679	395,595,320
Employee costs	12	405,572,110	358,145,525
Remuneration of directors	13	28,028,318	28,672,705
Depreciation and amortization expense	14	111,396,856	107,479,917
Repairs and maintenance	15	30,801,025	43,909,899
Contracted services	16	367,742,215	502,686,273
Finance costs	17	1,166,936	1,031,675
Total expenses		1,537,432,140	1,437,521,314
Other gains/(losses)			
Gain/ loss on biological Assets	18	7,311,838	(4,347,885)
Unearned Revenue			
Surplus for the year		(585,855,062)	(79,626,722)

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.
The Financial Statements set out on pages i to 33 were signed on behalf of the Board of Directors by:


CPA Wycliffe Ochiaga, EBS
Accounting Officer

Date: 08/08/2025


CPA Christine Otieno
Head of Finance
ICPAK M.No. 10470
Date: 08/08/2025


Mr. James Diang'a
Chairman of the Board

Date: 08/08/2025

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	19	35,655,003	283,398,474
Receivables from non-exchange transactions	20a	5,815,533	5,020,286
Receivables from exchange transactions	20b	108,899,441	105,981,602
Inventories	21	22,661,514	15,010,165
		173,031,491	409,410,527
Non-current assets			
Property, plant and equipment	22	4,841,957,990	4,854,458,202
Biological Assets	23	18,252,570	10,940,732
Intangible assets	24	40,452,998	3,838,470
		4,900,663,558	4,869,237,404
Total assets		5,073,695,049	5,278,647,931
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25a	440,481,692	187,777,400
		440,481,692	187,777,400
Non-current liabilities			
Borrowings from Government		2,000,000,000	2,000,000,000
Trade and other payables from exchange transactions	25b	3,334,652,002	3,206,454,115
		5,334,652,002	5,206,454,115
Total liabilities		5,775,133,694	5,394,231,515
Net assets			
Reserves		401,948,509	401,948,509
Accumulated surplus/Deficit		(1,925,582,281)	(1,339,727,220)
Capital Fund		822,195,128	822,195,128
Total net assets		(701,438,644)	(115,583,584)
Total net assets and liabilities		5,073,695,049	5,278,647,931

The Financial Statements set out on pages i to 33 were signed on behalf of the Board of Directors by:



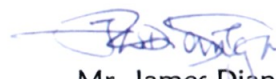
CPA Wycliffe Ochiaga, EBS
Accounting Officer

Date: 08/08/2025



CPA Christine Otieno
Head of Finance
ICPAK M.No.10470

Date: 08/08/2025



Mr. James Diang'a
Chairman of the Board

Date: 08/08/2025

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2023	401,948,509	-290,789,684	-969,310,815	822,195,128	-35,956,862
Total comprehensive income			-79,626,721		-79,626,721
Transferred depreciation					0
Prior year Adjustment					0
At June 30, 2024	401,948,509	-290,789,684	1,048,937,536	822,195,128	-115,583,583
					0
At July 1, 2024	401,948,509	-290,789,684	1,048,937,536	822,195,128	-115,583,583
Total comprehensive income			-585,855,062		-585,855,062
Transferred depreciation					0
Prior year Adjustment					0
At June 30, 2025	401,948,509	-290,789,684	-1,634,792,597	822,195,128	-701,438,644

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	746,505,655	1,266,810,000
Sale of Agricultural Products	7	102,433,619	8,732,743
Finance income	9	7,482,675	4,085,984
Other income.	10	1,269,537	1,662,518
Rental income	8	78,903,652	80,951,233
Total Receipts		936,595,139	1,362,242,477
Payments			
Employee costs	12	309,705,909	358,145,525
Remuneration of directors	13	28,028,318	28,672,705
Repairs and maintenance	15	30,332,798	43,909,899
Contracted services	16	357,879,742	502,686,273
General expenses	11	349,396,187	395,595,320
Finance Cost	17	1,166,936	1,031,675
Total Payments		1,076,509,889	1,330,041,396
Net cash flows from operating activities		(139,914,751)	32,201,081
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	22	(107,828,720)	(4,322,257)
Decrease/Increase in Inventory	21	-	5,028,399
Decrease, Increase in current receivables	20	-	(27,831,305)
Decrease/Increase in Payables	25	-	1,223,902
Net cash flows used in investing activities		(107,828,720)	(25,901,261)
Cash flows from financing activities			
Increase in capital fund		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(247,743,471)	6,299,819
Cash and cash equivalents at 1 July 2024	19	283,398,474	277,098,655
Cash and cash equivalents at 30 June 2025	19	35,655,003	283,398,474

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Budget	Adjustments	Final Budget	Actual	Performance	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c *100
Revenue						
Government grants and subsidies						
Recurrent	271,205,655	197,300,000	468,505,655	468,505,655	-	100.00%
Development	208,000,000	70,000,000	278,000,000	278,000,000	-	100.00%
Total Grants	479,205,655	267,300,000	746,505,655	746,505,655	-	100.00%
Sale of Agricultural Products	13,728,725	4,000,000	17,728,725	102,433,619	(84,704,894)	577.78%
Rental Income	56,445,610	-	56,445,610	51,226,899	5,218,711	90.75%
Finance Income	1,252,400	-	1,252,400	7,482,675	(6,230,275)	597.47%
Other Income	4,573,265	-	4,573,265	1,269,537	3,303,728	27.76%
Total A-in-A	76,000,000	4,000,000	80,000,000	162,412,731	(82,412,731)	203.02%
TOTAL INCOME	555,205,655	271,300,000	826,505,655	908,918,386	(82,412,731)	109.97%
EXPENSES						
Employee costs	184,205,655	130,000,000	314,205,655	284,223,434	29,982,221	90.46%
Remuneration of Directors	20,000,000	10,000,000	30,000,000	28,028,318	1,971,682	93.43%
Repairs and maintenance	16,000,000		16,000,000	30,332,798	(14,332,798)	189.58%
Contracted services	190,000,000	70,000,000	260,000,000	320,095,986	(60,095,986)	123.11%
General expenses	94,000,000	61,300,000	155,300,000	349,396,187	(194,096,187)	224.98%
Finance Cost	1,000,000	-	1,000,000	1,166,936	(166,936)	116.69%
Hatcheries Development	50,000,000	-	50,000,000	55,070,813	(5,070,813)	110.14%
Total expenditure	555,205,655	271,300,000	826,505,655	1,068,314,472	(241,808,817)	129.26%
Surplus for the period	-	-	-	(159,396,086)		

NOTES TO THE BUDGET

A. REVENUE

1. Sale of Agricultural Produce

The increase in revenue generated is mainly attributed to the resumption of Ricemill operations and the paddy mop-up exercise undertaken in late 2023/2024, which activated and enhanced rice sales during the year under review.

2. Rental Income

The decrease in rental income is attributed to a slight reduction of tenancy as a result of relocation of main tenant at the Ricemill go-down who moved to their own premises.

3. Finance Income

The increase in finance income is due the call deposits which matured during the year hence higher interest earned.

B. EXPENDITURE

1. Repair and Maintenance

The increase in repair and maintenance expenses is mainly due to the maintenance and renovation works carried out on the Ricemill building, and the Lake Basin Mall building.

2. Contracted Services

The increase in contracted services is attributed to drilling of boreholes due to late disbursement of funds from previous year hence expensed in the current year.

3. General expenses

The increase in general expenses is attributed to the purchase of paddy during the year. The funds from the previous year were released late, hence the procurement was carried out in the current year under review.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Lake Basin Development Authority is established by and derives its authority and accountability from (Cap 442) Act. The Lake Basin Development Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Lake Basin Development Authority’s principal activity is to provide an avenue for a quicker, more meaningful and co-coordinated development in the Kenyan portion of the Lake Victoria basin.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There were no new and amended standards issued in the financial year.

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the authority.</p>

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45- Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46 Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: <ul style="list-style-type: none"> <li data-bbox="576 1653 1468 1794">i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. <li data-bbox="576 1809 1468 1890">ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; <li data-bbox="576 1906 1468 2047">iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.

Standard	Effective date and impact:
	The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	<i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The Lake Basin Development Authority did not early – adopt any new or amended standards in year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are

recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024-2025 was approved by the National Assembly on *18th June 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 14 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on PPE is calculated using reducing balance method and the rates used are:

- a) Tractors37.5%
- b) Motor Vehicles/Cycles25.0%
- c) Farm Implements12.5%
- d) Buildings.....2.0%
- e) Loose Tools & Equipment12.5%
- f) Furniture, Fittings & Fixtures12.5%
- g) Office Machines & Equipment12.5%
- h) Computer & Other Class II Equipment30.0%
- i) Plant & Equipment.....12.5%
- j) Computer Software.....20.0%
- k) Hyacinth Harvester.....10.0%

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii) Its intention to complete and its ability to use or sell the asset
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition

of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- a) Raw materials: purchase cost using the weighted average cost method.
- b) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

k) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service

potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

Lake Basin Development Authority does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

- In respect to the Government loan of Ksh 2,000,000,000, given to the Authority, this was a bailout to assist the organization offset/settle the outstanding debt owed to M/S Erderman Property Ltd; the appropriate records will be maintained and interest charged accordingly as there is evidence of a loan agreement between the Government and Lake Basin Development Authority (LBDA)
- Currently the Authority has no contractual agreement signed directly with Co-operative bank of Kenya. The borrower of the loan was M/S Erderman Property Ltd who is the contractor for the Mall. However, we have initiated the process of taking over the Loan by writing to the Ministry and the National Treasury for approval. Co-operative Bank of Kenya has further written an offer letter requesting the Authority to take over the liability.
- The Authority has an accumulated loan interest provision of Kshs.781.25 Million for Government of Kenya Loan.
- LBDA has various legal cases which are under litigation pending court rulings which if adjudicated and finalized can crystalize into future financial liabilities of approximately 400M.
- During the FY 2022/2023 the Authority took over KOSFIP project with liabilities of Kshs.738,774,372 which has not been recognized in our books pending budgetary provision by the National Treasury.
- During the year under review FY 2024/2025, the Authority entered into a contract amounting to Kshs.48,917,610 towards the end of the financial year for repairs of Lake Basin Mall roof. As at year end, the project had only done very minimal repairs and the contractor was still on site. The expenses and payables will be recognized in financial year 2025/2026

m) Contingent assets

The Lake Basin Development Authority does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

n) Nature and purpose of reserves

The Lake Basin Development Authority creates and maintains reserves in terms of specific requirements. Lake Basin Development Authority maintains Revaluation reserves.

o) Changes in accounting policies and estimates

The Lake Basin Development Authority recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

The Lake Basin Development Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

The Lake Basin Development Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors and the CEO.

t) Service concession arrangements

The Lake Basin Development Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes

that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

The condition of the asset based on the assessment of experts employed by the Entity.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

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The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset.

Provisions

In the Financial year under review there were no Provisions raised and management determined an estimate based on the information available.

6. Transfers from Other Government Entities

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional grants		
Recurrent grant	468,505,655	836,110,000
Development grants	278,000,000	430,700,000
Total government grants	746,505,655	1,266,810,000

Funds received for recurrent expenditure i.e salaries and personal emoluments & Development expenditure as stated in the printed estimate.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the entity	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2023-2024
	KShs	KShs	KShs	KShs
State Department for Regional and Northern Corridor Development	746,505,655	-	746,505,655.00	1,266,810,000.00
Total	746,505,655	-	746,505,655.00	1,266,810,000.00

7. Sale of Agricultural Products

Description	2024-2025	2023-2024
	KShs	KShs
Sale of rice	101,725,259	-
Sale of Sugar cane	-	1,263,888
Sale of Milk	3,493,058	4,539,746
Sale of animals and Steers	278,530	233,000
Sale of Seedlings	1,240,218	1,646,763
Sales of Vegetables and fruits	29,030	44,736
Sale of Beans	15,800	138,600
Sale of Honey	1,388,690	838,210
Sale of Fingerlings and table size fish	1,829,700	27,800
Sale of Fish/Chicken feeds	30,305	-
Sale of bran meal, colored rice	73,130	-
Total revenue from the sale of goods	110,103,720	8,732,743

8. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	KShs	KShs
Economic Rent (Staff Houses)	2,854,400	2,433,000
Service Charge	8,333,430	11,370,452
Commercial Rent (LBDA MALL)	62,915,564	59,762,199
Lease rentals (LBDC)	4,800,259	7,385,582
Total rentals	78,903,652	80,951,233

9. Finance Income

Description	2024-2025	2023-2024
	KShs	KShs
Cash investments and fixed deposits	7,482,675	4,085,984
Total finance income – external investments	7,482,675	4,085,984

10. Other Income

Description	2024-2025	2023-2024
	KShs	KShs
Hire of Grounds/Equipment	294,307	34,550
Weighbridge	660,780	709,532
Surcharge Service	-	98,958
Tour Fees	14,250	28,500
Hire of Tractors & Excavator	59,700	290,120
Sale of Bricks	-	112,000
Sale of Logs/Firewood	2,000	61,800
Sale of Manure	-	4,000
Miscellaneous Income	238,500	41,100
Donations	-	205,000
Insurance Charges	-	76,958
Total other income	1,269,537	1,662,518

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11. General Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Animal Feeds	357,250	550,315
ASK/Project Promotion	3,006,300	5,202,561
Communication cost	1,727,489	1,387,481
Computer supplies and accessories	196,551	1,118,580
Compound Maintenance	5,823,699	6,198,976
Daily subsistence allowance	64,659,854	60,927,359
Dairy Expenses	8,840	9,000
Donation	18,470	-
Drugs and Chemicals	1,638,315	767,070
Electricity	4,122,694	1,817,917
General Hardware	5,638,361	8,101,092
General Office supplies	3,080,255	1,487,231
Hire of Machinery/Equipment	8,993,140	2,856,300
Hire of Transport	442,976	545,580
Horticulture	36,000	59,000
Fuel and oil	10,971,154	5,586,465
Loss on Paddy	-	2,687,772
Increase in Provision for Bad Debts	2,570,086	-
Insurance of Assets	11,441,457	11,335,505
Legal Charges	115,248,765	89,264,150
Licence	309,438	270,520
Local Travel (Air Ticket)	6,466,774	9,661,447
Launching & Commissioning of Projects	36,312,400	-
Purchase of Newspapers, Magazines and Periodicals	61,700	180,388
Water	4,528,368	6,013,045
Management Fee	2,642,454	2,510,012
Official Entertainment	-	44,792,921
Stakeholders Engagement	49,005,148	-
Interest on GoK Loan	100,000,000	100,000,000
Ploughing	990,000	-
Packaging materials	13,779,885	613,051
Printing and Branding of Projects	17,987,846	16,891,885
Project Documentaries	4,462,990	-
Purchase of Paddy	103,280,487	740,000
Purchase of Crude Honey	745,000	-
Purchase of Fingerlings/Fish	72,140	26,400
Postage and Stamps	229,512	464,314
Purchase of seeds and seedlings	647,814	697,300
Rents and rates Non- Residential	3,173,659	386,000
Sales and Marketing expenses	648,730	23,650
Sanitation	3,364,842	-
Staff welfare	-	2,492,475
Training & NITA	2,816,649	7,857,154
Subscription to professional bodies	736,388	1,260,775
Tax Penalty/WHT	-	268,951
Uniform and Clothing	364,600	226,500
Veterinary expenses	116,200	316,180
Total general expenses	592,724,679	395,595,320

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Employee Costs

Description	2024-2025	2023-2024
	KShs	KShs
Ex-Gratia Payments	61,850	530,217
Staff Medical Insurance	44,046,278	36,178,108
Contribution to Pension Scheme & NSSF	48,255,983	35,016,465
Salaries and Allowances	303,193,014	277,643,732
Terminal Dues	-	280,234
WIBA & Life Insurance	5,026,479	4,667,863
Housing Levy	4,569,585	3,828,906
Staff welfare	418,920	-
Employee costs	405,572,110	358,145,525

13. Board Expenses

Description	2024-2025	2023-2024
	KShs	KShs
Sitting Allowances & Accommodation	16,939,204	17,523,997
Travelling (Air tickets)	9,795,635	6,932,497
Entertainment	-	2,592,936
Others (Board Meeting Expense)	249,479	579,275
Chairman,s Honoraria	1,044,000	1,044,000
Total Board Expenses	28,028,318	28,672,705

14. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	KShs	KShs
Property, plant and equipment	101,283,607	106,520,300
Intangible assets	10,113,249	959,618
Total depreciation and amortization	111,396,856	107,479,917

15. Repairs and Maintenance

Description	2024-2025	2023-2024
	KShs	KShs
Building Repair for Non- Residential	15,334,123	2,979,243
Building Repair for Residential	1,471,669	29,133,225
Plant and machinery Repairs	3,824,277	1,171,027
Repair of Office equipment	2,863,061	503,716
Repair of Office furniture	15,800	-
Motor Vehicle Running	7,292,096	10,122,688
Total repairs and maintenance	30,801,025	43,909,899

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Contracted Services

Description	2024-2025	2023-2024
	KShs	KShs
Audit Fees	1,232,000	870,000
Cleaning Services	5,900,769	6,380,714
Consulting Fee	318,000	790,000
Farm Maintenance & Milling Expenses	12,527,842	7,393,406
Drilling and Equiping of Bore Holes	293,498,441	455,635,421
Rehabilitation of Canals	17,168,162	4,846,047
Rehabilitation of Fish ponds	8,721,440	-
Security Expenses	28,375,560	26,770,684
Total contracted services	367,742,215	502,686,273

17. Finance Costs

Description	2024-2025	2023-2024
	KShs	KShs
Bank Charges (Commission and Ledger fee)	922,399	956,775
E-Citizen Charges	244,537	74,900
Total finance costs	1,166,936	1,031,675

18. Gain/Loss on Biological Assets

Description	2024-2025	2023-2024	Gain/Loss 2024/2025	Gain/Loss 2023/2024
	KShs	KShs	Kshs	Kshs
Bulls	126,750	98,250	28,500.00	(3,750)
Lactating/Dry Cows	3,446,250	2,610,000	836,250.00	(680,250)
Heifers	1,983,750	1,905,750	78,000.00	(397,125)
Fish/ Poultry	259,200	373,759	(114,559.20)	(203,615)
Crops WIP	12,436,620	5,952,973	6,483,647.50	(3,063,145)
Total gain/Loss	18,252,570	10,940,731.70	7,311,838.30	(4,347,885)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. (a) Detailed Analysis of the Cash and Cash Equivalents

Description		2024-2025	2023-2024
	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1107824532	4,267,695.60	7,296,950.17
Kenya Commercial bank	1104028352	116,920.49	987,296.87
Cooperative Bank of Kenya	01120014333100	62,168.98	81,683.98
Cooperative Bank of Kenya	01692614041400	4,551,513.26	14,782,699.26
Cooperative Bank of Kenya	01150014333100	59,011.00	59,011.00
National Bank of Kenya	01001023637000	5,861,900.21	2,228,223.40
National Bank of Kenya	01001023507900	6,844,096.31	1,538,516.52
National Bank of Kenya	01001033897700	1,270,353.26	276,919.88
National Bank of Kenya	01003023624000	12,593,044.14	147,172.51
Sub- total		35,626,703.25	27,398,473.59
b) On - call deposits			
National Bank of Kenya	01001023637000	-	250,000,000.00
National Bank of Kenya	0100123507900	-	6,000,000.00
Sub- total		-	256,000,000.00
Cash in Hand		28,300.00	
Grand total		35,655,003.25	283,398,473.59

20. (a) Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Ex- Staff debtors	4,283,966	4,365,476
Staff Debtors	1,531,567	654,810
Total current receivables	5,815,533	5,020,286

20. (b) Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	KShs	KShs
Current receivables		
Ex- board debtors	30,112	30,112.00
Trade Debtors	111,973,495	106,485,570.45
Less: Provision for bad debts	(3,104,166)	(534,080.05)
Total current receivables	108,899,441	105,981,602

The provision for bad debts of Kshs. 3,104,166 relates to debts over 10years old whose chances of recovery are remote. The expected loss is estimated using default experience and analysis of the debtor's status some of whom were deceased at the reporting date.

21. Inventories

Description	2024-2025	2023-2024
	KShs	KShs
Animal Feeds (Hay)	105,000	-
Seeds/Seedlings	379,436	1,075,177
Bricks	54,000	54,000
Raw materials	20,794,573	11,619,124
Packaging Materials	-	2,198,700
Finished Products	1,328,505	63,164
Total inventories at the lower of cost and net realizable value	22,661,514	15,010,165

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Property, Plant and Equipment

	Land	Buildings	Plant & equipment	Work in Progress	Furniture & Fixtu	Computer & Oth	Motor Vehicle	Tractors	Harvester	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30th June 2023	59,053,333	5,024,266,986	301,087,044	429,855,591	19,026,666	34,755,609	64,817,493	10,165,000	80,776,044	6,023,803,765
Additions					345,000	3,977,257				4,322,257
Disposals										-
Transfer/adjustments										-
Revaluation										-
At 30 th June 2024	59,053,333	5,024,266,986	301,087,044	429,855,591	19,371,666	38,732,866	64,817,493	10,165,000	80,776,044	6,028,126,023
Additions			247,235	134,363,077	900,860					135,511,172
Disposals										-
Transfer/adjustments				(46,727,777)						(46,727,777)
Revaluation										-
At 30 th June 2025	59,053,333	5,024,266,986	301,334,279	517,490,891	20,272,526	38,732,866	64,817,493	10,165,000	80,776,044	6,116,909,417
Depreciation and impairment										
At 30th June 2023	-	683,189,178	265,984,455	-	15,492,115	29,481,919	42,495,602	8,613,944	21,890,308	1,067,147,521
Depreciation		86,821,556	4,387,824		484,944	2,775,284	5,580,473	581,646	5,888,574	106,520,300
Disposals										-
Transfer/adjustment										-
At 30 th June 2024	-	770,010,734	270,372,278	-	15,977,059	32,257,203	48,076,075	9,195,590	27,778,882	1,173,667,821
Depreciation		85,085,125	3,870,250		536,933	1,942,699	4,185,354	363,529	5,299,716	101,283,607
Disposals										-
Transfer/adjustment										-
At 30 th June 2025	-	855,095,859	274,242,528	-	16,513,992	34,199,902	52,261,430	9,559,119	33,078,598	1,274,951,427
Net book values										-
At 30 th June 2025	59,053,333	4,169,171,127	27,091,750	517,490,891	3,758,534	4,532,964	12,556,063	605,881	47,697,446	4,841,957,990
At 30 th June 2024	59,053,333	4,254,256,252	30,714,765	429,855,591	3,394,607	6,475,663	16,741,418	969,410	52,997,162	4,854,458,202

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Biological Assets

Description	2024-2025	2023-2024
	KShs	KShs
Bulls	126,750	98,250
Lactating/Dry cows	3,446,250	2,610,000
Heifers	1,983,750	1,905,750
Fish/Poultry	259,200	373,759
Crops Wip	12,436,620	5,952,973
Total Biological	18,252,570	10,940,732

24. Intangible Assets

Description	
	KShs
Cost	
At 30 th June 2023	14,458,222
Additions-	-
At 30 th June 2024	14,458,222
Additions-	46,727,777
At 30 th June 2025	61,185,999
Amortization and impairment	
At 30 th June 2023	9,660,134
Amortization	959,618
At 30 th June 2024	10,619,752
Amortization	10,113,249
At 30 th June 2025	20,733,001
NBV	
At 30 th June 2025	40,452,998
At 30 th June 2024	3,838,470

25. (a) Trade and Other Payables (Current)

Description	2024-2025	2023-2024
	KShs	KShs
Contractors Claims	43,667,960	57,449,744
Inter – Ministerial Dues	2,633,658	-
Legal Claims	94,009,338	-
Service and utilities	5,868,693	58,080
Unremitted payroll deductions	119,279,487	25,482,475
WHT	2,715,517	-
Trade suppliers	72,307,039	4,787,101
GOK Loan interest	100,000,000	100,000,000
Total trade and other payables (Current)	440,481,692	187,777,400

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. (b) Trade and Other Payables (Non-Current)

Description	2024-2025	2023-2024
	KShs	KShs
Contractors Claims	2,577,302,065.34	2,544,126,439.72
Gratuity & Terminal Dues	183,116.60	183,116.60
Inter – Ministerial Dues	28,176,641.32	28,176,641.32
Legal Claims	2,836,760.86	2,836,761.00
Service and utilities	3,268,125.49	1,380,137.55
Staff Claims (workmen compensation)	151,605.00	151,605.00
Unremitted payroll deductions	499,130.00	499,130.00
Trade suppliers	40,984,557.50	47,850,283.92
GOK Loan interest	681,250,000.00	581,250,000.00
Total trade and other payables (Non-current)	3,334,652,002	3,206,454,115

Included in the trade payables above is Kshs. 2.5 Billion loan owed to Cooperative Bank/Erdemann Ltd for which Authority Land title LR NO. 15239 (IR. NO 1504430) is provided and charged as a collateral

25 (a&b) Trade and Other Payables

Description	2024-2025	2023-2024
	KShs	KShs
Trade and other payables (Current)	440,481,692	187,777,400
Trade and other payables (Non-current)	3,334,652,002	3,206,454,115
Total trade and other payables	3,775,133,694	3,394,231,515

26. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2024-2025	2023-2024
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	48,255,983	-	-	48,255,983	35,016,465
Total employee benefits obligation	48,255,983	-	-	48,255,983	35,016,465

Retirement benefit Asset/ Liability

The Lake Basin Development Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time. Other than NSSF the entity also has a defined contribution scheme operated by LBDA Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

27. Borrowings

Description	2024-2025	2023-2024
	KShs	KShs
Domestic borrowings	2,000,000,000.00	2,000,000,000.00
Balance at end of the period	2,000,000,000	2,000,000,000

The analyses of both external and domestic borrowings are as follows:

	2024-2025	2023-2024
	KShs	KShs
Domestic Borrowings		
Kenya Shilling loan from The National Treasury	2,000,000,000.00	2,000,000,000
Total balance at end of the year	2,000,000,000	2,000,000,000

28. Financial Risk Management

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Authority's financial risk management objectives and policies are detailed below:

i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management continued

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts

The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Authority's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Authority under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

iii) Market risk

The Authority has put in place an internal audit function to assist it in assessing the risk faced by the Authority on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

29. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of Lake Basin Development Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key Management
- iv) Board of Directors

31. Related Party Disclosures continued

Nature of related party relationships

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	746,505,655	1,266,810,000
Government Loan		
Total	746,505,655	1,266,810,000
b) Key management compensation		
Directors' emoluments	28,028,318	28,672,705
Compensation to the CEO	6,360,000	6,360,000
Total	34,388,318	35,032,705

30. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

Lake Basin Development Authority did not make any surplus during the year (FY 2024/2025 Nil) and hence no remittance to the Consolidated Fund.

31. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

32. Ultimate And Holding Lake Basin Development Authority

The Lake Basin Development Authority is a State Corporation under the Ministry of East African Community and Regional Development. Its ultimate parent is the Government of Kenya.

33. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Unconfirmed Payment of Closed Donor Funded Project Liabilities	<p><i>The liability of Macro Engineering Works Ltd was not accrued in the previous period of 2022/2023, the bill was incurred in KOSFIP while the project was still under the Parent Ministry in 2021.</i></p> <p><i>In regard to Kshs 746,932 due to Nilam Enterprises Ltd, this will be amended accordingly in the Financial Statement.</i></p>	Resolved	
2.	Long Outstanding Receivables from Non-Exchange Transactions	<p><i>i. Out of the total of Kshs 654,809.97 for staff debtors, is an amount of Kshs 258,300.0 and Kshs 5,900, of which recovery is ongoing.</i></p> <p><i>ii. Kshs 4,365,475.71 relates to ex staff for long overdue imprest and credit sales, and have since been recommended for debtor's write-off based on age.</i></p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3	Property Plant and Equipment Valuation	The Authority is in the process of valuing the 5 parcels of lands, namely Yala Swamp, Sangalo, Ndhiwa, Rongo and Lunyu ITTC's. The exercise is ongoing and we are awaiting the final report for adoption in the Financial Statements.	On-going	2025/2026
1.	Other Matter Irregular payment of Special duty allowance	The payments of the Special duty allowances were duly approved and are renewed upon expiry of every six months since the positions the officers were acting on have been vacant for a substantial period. Going forward, the management will endeavor to fill the vacant positions.	Resolved	
2.	Non-Disclose Contingent Liability for Breach of Contract	Disclosure done	Resolved	
3.	Non-Compliance with Law on Ethnic Composition	The Authority's location as a Regional Development Authority presents it with a unique challenge in effectively realizing the diversity as envisaged by	On-going	2026/2027

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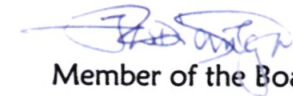
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>the Constitution. However, as a mitigation we pledge to deliberately ensure that every constitutional requirement on diversity is met and fully complied with. The Authority is legally bound to comply with statutory and regulatory requirements as enshrined in various legal instruments and to that end; the Authority management is committed to ensuring compliance.</p>		
4.	Failure to Comply with Loan Agreement Terms	<p>The Authority has had long outstanding payables over the years, due to insufficient budgetary funding which culminated in unpaid pending bills. However, these have been forwarded to the Pending Bills Committee of the National Treasury with a view of offsetting the creditors which we believe, will improve LBDA's financial position.</p>	On-going	2026/2027
5.	Non-Current Liabilities	<p>Due to insufficient budgetary funding which has culminated in unpaid non-current liabilities. However, these have</p>	On-going	2026/2027

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<i>been forwarded to the Pending Bills Committee.</i>		


 Managing Director

Date: 08/08/2025


 Member of the Board

Date: 08/08/2025

21. APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of East African Community, ASALs & Regional Development	Jun-25	Recurrent	468,505,655	-	-	-	-	-	-
Ministry of East African Community, ASALs & Regional Development	Jun-25	Development	278,000,000	-	-	-	-	-	-
Total			746,505,655	-	-	-	-	-	-